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REQUEST FOR COUNCIL ACTION

MEETING

DATE: 2/19/03

AGENDA SECTION:

Hearings

ORIGINATING DEPT:

Finance Department

ITEM NO.

E-3

ITEM DESCRIPTION: A public hearing to consider giving host city approval to the issuance of health facility revenue bonds by the City of Buffalo, Minnesota for a project (Karrington Cottages) located within the City of Rochester.

PREPARED BY:

Dale Martinson

Representatives of the Wedum Foundation, Inc. have requested the Council hold this hearing for the purpose of considering giving consent to their plans to issue tax-exempt health facilities bonds through the City of Buffalo, Minnesota for a project located in Rochester. Wedum has formed Central Minnesota Senior Housing, LLC, a limited liability corporation to own this project. They are proposing to purchase and renovate the 147-unit assisted living facility located at 4220 55th Street NW in Rochester, known as Karrington Cottages. The Wedum Foundation is a 501(c)(3) corporation and presently owns the Shorewood Senior Campus here in Rochester.

Wedum proposes to purchase the Karrington Cottages facility from Sunrise Assisted Living, Inc. along with three other smaller facilities, two of which are located in Buffalo, Minnesota and the third is located in Mankato, Minnesota. The City of Buffalo would be the issuer of the bonds for all of the purchases. They are, however, required to obtain consent by the Rochester City Council under Section 147(f) of the Internal Revenue Code since approximately 55% of the tax-exempt monies would be used within Rochester's city limits.

Approval of the attached resolution would give host approval of the project and to the issuance of bonds by the City of Buffalo for this project. It is important to note that should the council choose to provide its host approval, these bonds will NOT be considered a debt of the City and that in no event shall the obligations ever be payable from or charged upon any funds of the City.

Council Action Requested

Adopt the attached resolution giving the host approval of the Project for purposes of Section 147(f) of the Internal Revenue Code and to the issuance of the obligations for the Project by the City of Buffalo, Minnesota.

COUNCIL ACTION: Motion by: _____ Second by: _____ to: _____

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EXTRACT OF MINUTES OF A MEETING OF THE
COMMON COUNCIL OF THE CITY OF
ROCHESTER, MINNESOTA

Pursuant to due call and notice thereof, a regular or special meeting of the Common Council of the City of Rochester, Minnesota, was duly held in the Council/Board Chambers in the Government Center on Wednesday, February 19, 2003, commencing at 7:00 P.M., C.T.

The following Councilmembers were present:

and the following were absent:

During said meeting _____ introduced the following Resolution, the written presentation and reading of which were waived by unanimous consent of the Council, and moved its adoption:

RESOLUTION NO. _____

RESOLUTION GIVING HOST APPROVAL TO THE
ISSUANCE OF HEALTH FACILITIES REVENUE OBLIGATIONS
UNDER MINNESOTA STATUTES, CHAPTER 469
FOR A PROJECT LOCATED IN THE CITY OF ROCHESTER, MINNESOTA
BY CENTRAL MINNESOTA SENIOR HOUSING, LLC

WHEREAS, Central Minnesota Senior Housing, LLC, a Minnesota limited liability company (the "Borrower"), which has represented that its sole member is Wedum Foundation, a Minnesota nonprofit corporation and 501(c)(3) organization, has proposed that the City of Buffalo, Minnesota finance a Project (as defined below) located in the City of Rochester, Minnesota (the "City"); and

WHEREAS, the City has been advised that a public hearing and Council approval of financing the Project with the obligations to be issued by the City of Buffalo, Minnesota are required under Section 147(f) of the Internal Revenue Code because the Project is located in the City; and

WHEREAS, the City conducted the public hearing on this same date at which hearing all persons who appeared were given an opportunity to express their views with respect to the Project:

NOW, THEREFORE, BE IT RESOLVED by the Common Council (the "Council") of the City of Rochester, Minnesota (the "City"), as follows:

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1. Project. The Borrower has advised the City that the Project consists of the acquisition and renovation of an approximately 147 unit assisted living facility located at 4220 55th St. NW (Karrington Cottages of Rochester), in the City (the "Project").

2. Host Approval. The City hereby gives the host approval of the Project for purposes of Section 147(f) of the Internal Revenue Code and to the issuance of the obligations for the Project by the City of Buffalo, Minnesota.

3. Limited Liability. In no event shall the obligations ever be payable from or charged upon any funds of the City; the City is not subject to any liability thereon; no owners of the obligations shall ever have the right to compel the exercise of the taxing power of the City to pay any of the obligations or the interest thereon, nor to enforce payment thereof against any property of the City; the obligations shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the City; and the obligations do not constitute a general or moral obligation or an indebtedness of the City within the meaning of any constitutional, statutory, or charter limitation.

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